

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1215 - SB 1339**

February 12, 2023

**SUMMARY OF BILL:** Prohibits a managed care organization (MCO) that contracts with the Division of TennCare to provide medical assistance from providing reimbursement or coverage, in this state or any other state, for a medical procedure if the performance or administration of the procedure is for the purpose of enabling a person to identify with, or live as, a purported identity inconsistent with the person's sex, or treating purported discomfort or distress from a discordance between a person's sex and asserted identity.

Requires the Division to revise or amend all necessary contracts within 30 days of the effective date of the legislation to ensure compliance. Requires an MCO that is in violation to come into compliance no later than 90 days after the effective date of the proposed legislation. States that an MCO that violates the proposed legislation or fails to come into compliance after 90 days is no longer eligible to contract with the Division to provide medical assistance.

**FISCAL IMPACT:**

**Other Fiscal Impact – The proposed legislation may result in changes to contract structures and negotiated prices with the TennCare program which would result in an increase in state expenditures. Any such increase is dependent on multiple unknown variables and cannot be reasonably determined.**

Assumptions:

- The Division of TennCare can monitor compliance with MCO contracts and make necessary amendments to such contracts utilizing existing resources.
- Based on information provided by the Division, MCOs do not currently provide coverage for the medical procedures prohibited by the proposed legislation for plans offered by the Division.
- The proposed legislation could result in MCOs who have contracts in other states that provide coverage for such prohibited medical procedures being ineligible to continue contracting with TennCare. It is not possible to estimate with any reasonable certainty how many, if any, of the Division's MCOs would become ineligible as a result of the proposed legislation; however, to the extent the Division is limited in negotiating contracts with MCOs that meet the requirements of the proposed legislation, there could be an increase in cost of services provided by the Division.
- All amendments to contracts with MCOs must be approved by the federal Centers for Medicare & Medicaid Services (CMS). To the extent CMS does not approve the

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contract changes required by the proposed legislation, TennCare would be unable to deliver services under the MCO model and would likely be forced into a fee-for-service model.

**IMPACT TO COMMERCE:**

**NOT SIGNIFICANT**

Assumption:

- Any impact on commerce and jobs in Tennessee is estimated to be not significant.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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